

Church Street Marketplace Annual Report, FY 13

The completion of our \$2 million lighting and electrical improvement project and removal of the fountain on Church Street's top block were the big highlights for FY 13.

Church Street's state-of-the-art electrical system includes new underground conduit, 46 new LED street lights, improved access to electricity for cart vendors and special events, 25 new street trees and a new irrigation system.



Removal of the top block fountain at the head of Church Street, has both reinvigorated the upper block and opened the door for prospective tenants to vie for the One Church Street space, vacant since 2008 when the Ann Taylor retail store closed.

TEN YEARS OF CAPITAL IMPROVEMENTS. 2013 marked the final year of a 10-year-long capital improvement program on the Marketplace, thanks to the support of US Senator Patrick Leahy. Since 2003, Senator Leahy has secured almost \$9 million in federal transportation dollars for the downtown and Waterfront. A large share of those funds have been directed to Church Street to address its deteriorating infrastructure (originally built in 1981).

As Church Street's 10 year "face lift" draws to an end, our city's much-beloved Marketplace has been refreshed and renewed.



Senator & Mrs. Patrick Leahy with Mayor Miro Weinberger and Tim Halvorson (*Halvorson's Upstreet Café, EB Strong's Prime Steakhouse*) at May 31, 2013 celebration to mark the completion of Church Street's 10-year capital improvement program

Improvements include the closing of City Hall Block and complete re-bricking (2003-2004), enhancements to Church Street's mid-blocks (2003-2004), rebuilding City Hall Steps (2008), improvements to the Marketplace Alleyway (2008), raising the intersection grade at Church & Cherry Streets (2011), Pearl Street improvements (2012-2013), the new Church Street Lighting and Electrical System (2012-2013) and decommissioning of Church Street's Top Block Fountain (2013).

FAREWELL TO THE FOUNTAIN.

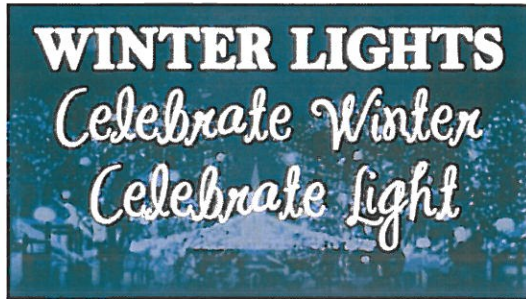
Special thanks are due to local developer, former Marketplace Commissioner and philanthropist Bobby Miller, who in 1994 spent \$250,000 of his own money to build a fountain at the top of Church Street. For 15 years, the fountain helped pull foot traffic to the top of Church Street, and provide the community with



a great feature. But over time, the top block evolved: foot traffic increased when we improved the crossing at Cherry Streets and new, stronger retail tenants filled once empty

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spaces. Prospective tenants for the last and largest vacant space at One Church Street saw the fountain as a barrier. With the decommissioning complete, tenants are now vying for this space, and we anticipate a new tenant to be announced this year.



WINTER LIGHTS In FY 13, we launched a new winter event called **Winter Lights**. Running from February through early April and sponsored by Citizens Bank, Winter Lights featured light canopies at Church Street's intersections, as well as colorful spheres hanging in our trees, and colorful glass canopies on the Top Block. Winter Lights is now one of our permanent events!

MARKETPLACE ADDRESSES ITS NEGATIVE FUND BALANCE. The Marketplace Commission and Staff have been working diligently on the department's finances over the past year. We've instituted a plan to pay down our negative fund balance, and build up a capital reserve to cover costs of those future capital improvements that cannot be funded using federal funds, or through the City's capital budget, because of the Marketplace's charter.

Historically, the department has generated negative fund balances each year – due in large part to unexpected capital repairs not covered by the City's capital budget, repairs to our failing electrical system, and a very lean budget that leaves no room for unanticipated expenses. The Marketplace's negative fund balances have ranged from as high as \$69,000 in FY 02, down to \$11,000 in FY 09.

In FY 12, we experienced a perfect storm of additional expenses that caused our negative fund balance to balloon.

- When the Marketplace and downtown experienced a serious increase in vagrancy, public inebriation and disorderly conduct in 2011-2012, the Commission made a decision to fund a \$50,000 unbudgeted expense for private security from 3 AM – 7 AM to address negative behaviors occurring behind our properties (sleeping, defecation/urination, alcohol and drug use). The program was effective but expensive.
- Staff miscalculated, by \$10,000, employee health benefits paid in FY 12.
- There was an unanticipated, additional \$24,000 charge against our Administrative Fee paid to the City (some City departments saw an increase in their Administrative Fee to cover unanticipated expenses the City incurred)

At the end of FY 12, our negative fund balance for that one fiscal year totaled \$138,000, bringing our cumulative negative fund balance to \$204,081.

BUDGET GOALS FOR FY 14 are two-fold: 1) pay down the negative fund balance within two years; and 2) over the next five years, build up a capital reserve of at least \$200,000 to cover future capital expenses that cannot be funded through the City's capital budget, or by federal funds, such as accent lighting, and other amenities that are unique to the Marketplace and not provided elsewhere in the downtown by the City.

FY 14 BUDGET OVERVIEW

TOTAL REVENUES:	926,367.50
TOTAL EXPENSES:	<u>829,111.20</u>
DIFFERENCE	97,256.30

The difference of \$97,256.30 will be applied at the end of FY 14 to the department's negative fund balance. The \$97K surplus was achieved by reductions in staffing (due primarily to an anticipated March, 2014 retirement), reductions in overtime, and certain administrative and marketing expenses. A portion of those cost savings (\$11,000) will fund the cost of a temporary finance/accounting person to support staff with financial management and budgeting throughout FY 14.